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NI's individual insolvencies continue to push higher

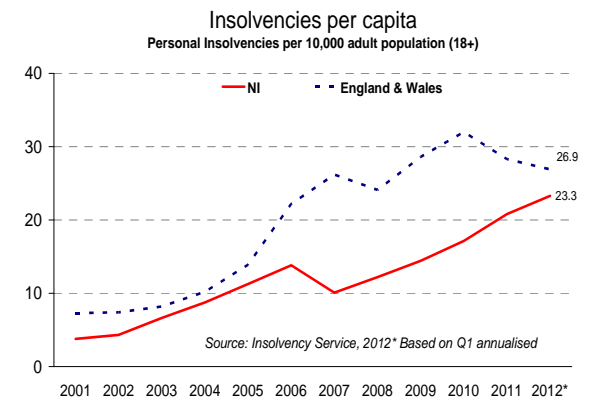
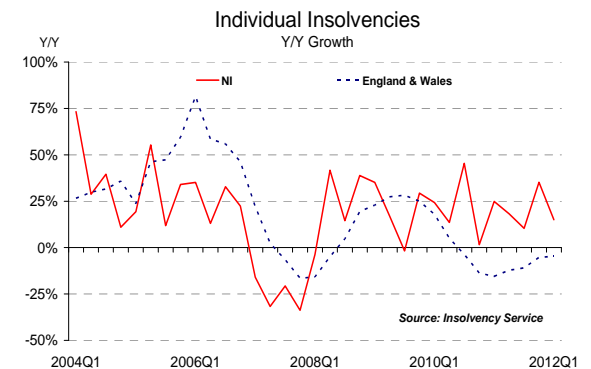
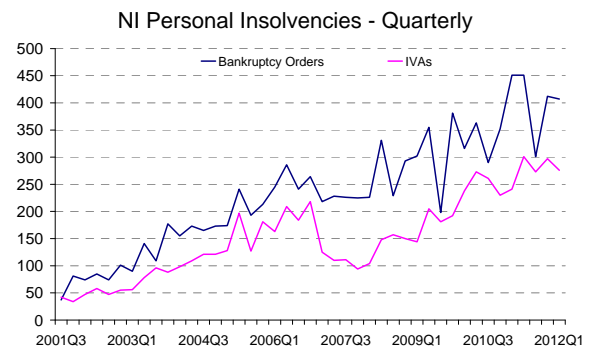
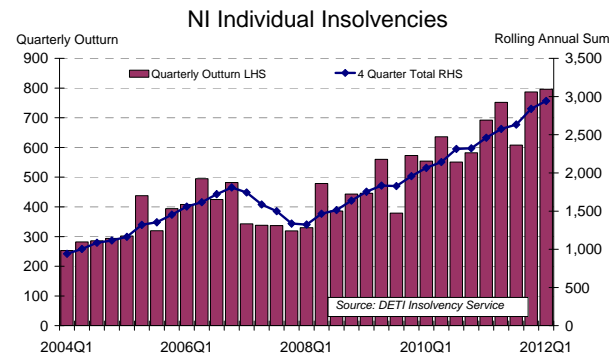
On 4 May 2012, DETI's Insolvency Service released individual and corporate insolvency figures for Q1 2012. As expected, signs of financial strain are becoming increasingly evident amongst Northern Ireland households. Following a rise in unemployment of 37,900 (+161%) since early 2008, coupled with household debt, personal insolvencies in Northern Ireland, having hit record levels in 2011, continue to push higher in Q1 2012. In the last quarter, 796 individuals were declared bankrupt (*or chose bankruptcy*), entered into either an Individual Voluntary Arrangements (IVAs) or a Debt Relief Order (DRO). The latter came into effect on 30 June 2011 as an alternative route into personal insolvency. The rise in personal insolvencies represented a quarterly increase of 1.1% and was 15% higher than the corresponding quarter in 2011. During the last four quarters, personal insolvencies totalled 2,943 and have risen by almost 20% relative to the preceding four quarters. Furthermore, the latest four quarter total outturn is almost double the four quarter period that pre-dates the credit crunch. Overall, since the credit crunch began, there have been 9,873 personal insolvencies in Northern Ireland.

Individual insolvencies still falling in England & Wales

Whilst personal insolvencies are still on the rise in Northern Ireland, the corresponding level in England & Wales appears to have peaked and has been falling. Looking at the most recent figures for Q1 2012, it is noted that personal insolvencies in England & Wales decreased by 1.2% q/q and 4.7% y/y. Since the Q1 2010 peak personal insolvencies have fallen by almost 20%. Meanwhile, the total number of insolvencies over the last 4 quarters to Q1 2012 is just 6.4% higher than the four quarter period that pre-dates the credit crunch (Q4 2006 to Q3 2007).

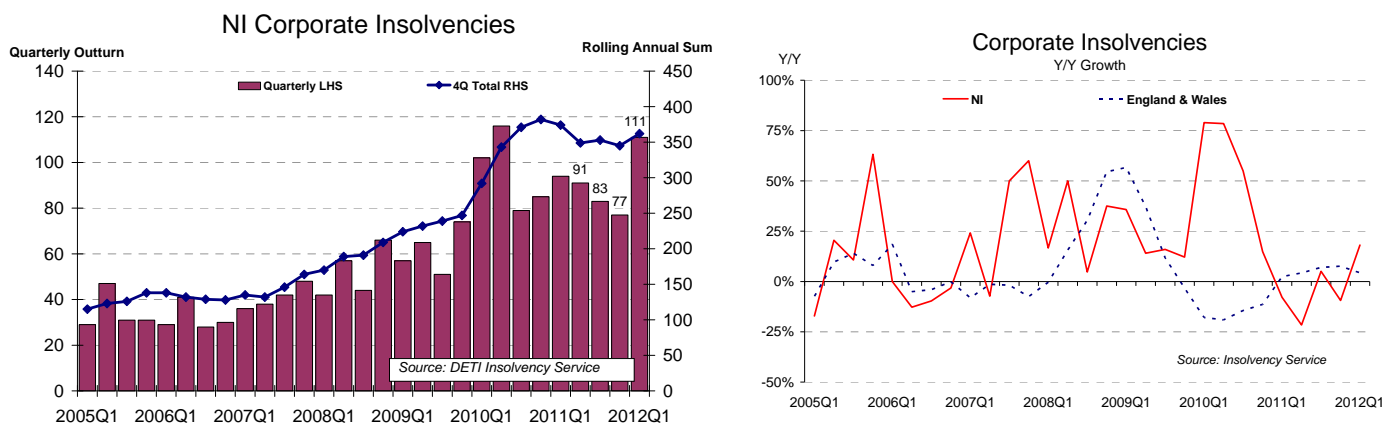
But NI individual insolvency rate remains lower than elsewhere

The individual insolvency figures highlight diverging trends between Northern Ireland and England & Wales. Nevertheless, despite the sharper rises in Northern Ireland's insolvency figures, the incidence of personal (*or individual*) insolvency remains lower in Northern Ireland than in England & Wales. Individual insolvencies per capita (> 18 years) are 23.3 per 10,000 of adult population (*based on an annualised figure for Q1 2012 i.e. Q1 x4*) relative to 26.9 for England & Wales. Despite this current favourable position, the debt overhang and more intense squeeze on local household finances will see a closing in the Northern Ireland and England & Wales insolvency rate gap in the years ahead. It is noted that since 2007 Northern Ireland's personal insolvency rate has more than doubled whereas the equivalent rate for England & Wales is only slightly higher than the 26.2 figure in 2007.



Northern Ireland corporate insolvencies push higher but still remain below 2010 peak

In Q1 2012 there were 111 company liquidations (*or corporate insolvencies*) which represents a rise of 44.2% q/q and is 18.1% higher relative to Q1 2011. The Q1 2012 outturn represented the highest number of corporate insolvencies since Q2 2010 (116). During the last 4 quarters, the total number of corporate insolvencies stood at 362. This is 148% above the level that prevailed before the credit crunch began (146), but remains 5% below the record high in 2010 (382). Meanwhile, corporate insolvencies in England & Wales posted a 4.3% rise in Q1 2012 relative to the same quarter in 2011. Corporate insolvencies peaked in 2009 for England & Wales with the cumulative total for the four quarters to Q1 2012 some 10.5% below this recent high. It is interesting to note that Scotland has also experienced a surge in corporate insolvencies that is much steeper than elsewhere. In Q1 2012, the number of corporate insolvencies was 35% higher y/y. Furthermore, Scotland has witnessed the sharpest rise in corporate insolvencies since the credit crunch began (+227%). This compares with a corresponding rise (*latest 4 quarters relative to Q4 2006-Q3 2007*) of 148% for Northern Ireland and 34% for England & Wales.



A summary table of insolvency data is highlighted overleaf. For further information check out the weblinks below:

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201205/table6.pdf>
<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201205/alltables.xls>

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Northern Ireland Corporate & Personal Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2001	468	292	176	60	...
2002	541	334	207	...	102	49	53
2003	835	517	318	...	142	95	47
2004	1,115	666	449	...	121	76	45
2005	1,454	821	633	...	138	85	53
2006	1,809	1,035	774	...	128	78	50
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
2010	2,323	1,321	1,002	...	382	250	132
2011	2,839	1,615	1,112	112	345	209	136
2006 Q1	408	245	163	...	29	19	10
Q2	494	285	209	...	41	24	17
Q3	425	241	184	...	28	15	13
Q4	482	264	218	...	30	20	10
2007 Q1	343	218	125	...	36	29	7
Q2	338	228	110	...	38	29	9
Q3	338	227	111	...	42	28	14
Q4	319	225	94	...	48	36	12
2008 Q1	330	226	104	...	42	37	5
Q2	479	331	148	...	57	42	15
Q3	386	229	157	...	44	27	17
Q4	443	293	150	...	66	52	14
2009 Q1	446	302	144	...	57	34	23
Q2	560	355	205	...	65	46	19
Q3	379	198	181	...	51	27	24
Q4	573	381	192	...	74	57	17
2010 Q1	554	316	238	...	102	49	53
Q2	636	363	273	...	116	92	24
Q3	551	290	261	...	79	55	24
Q4	582	352	230	...	85	54	31
2011 Q1	692	451	241	...	94	61	33
Q2	752	451	301	...	91	56	35
Q3	608	301	273	34	83	44	39
Q4	787	412	297	78	77	48	29
2012 Q1	796	407	276	113	111	72	39
Latest Quarter Q/Q % Change	1.1%	-1.2%	-7.1%	44.9%	44.2%	50.0%	34.5%
Latest Quarter Y/Y % Change	15.0%	-9.8%	14.5%	...	18.1%	18.0%	18.2%
Last 4 quarters Y/Y % Change	19.6%	7.9%	14.1%	...	-3.2%	-16.0%	26.8%
% rise since credit crunch began*	96.1%	67.7%	69.9%	...	147.9%	107.5%	255.0%

Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

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